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# CENTRAL INTELLIGENCE GROUP

## INTELLIGENCE REPORT

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COUNTRY China

DATE: 25X1A6a

SUBJECT Economic Information  
 Dairen

INFO.

DIST. 20 December 1946

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ORIGIN

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 letter of 16 October 1946 from the  
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 SUPPLEMENT

25X1A6a Note: According to Chinese press reports, a famine is ravaging Dairen, taking a toll of nearly a thousand people daily, and caused by the lack of foodstuffs and grain because of transportation difficulties in the area.

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1. There was no famine in Dairen up to 25 September. About 20 to 50 Japanese, however, are dying of starvation each day because they have no money and are unable to find work.

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2. The shortage of cereals, caused by the dearth of farms in the Port Arthur-Dairen area, is made up by grain imports. These come from Yingkou (122-13,40-40), Chinchou (121-42,39-06) and Hsingcheng (120-42,40-38). Because of this trade, commercial business is flourishing on the seacoast and in Chinchou. The ports of Port Arthur and Dairen, however, are Soviet-military-controlled districts; civilian boats are not permitted to enter or depart. Consequently, the merchants land at Kanchingtzu (a section of Dairen) and at Heitsuitzu (2.06.1), near the city. They also land at Hsiaopingtao (121-29,38-49) and on the seacoast area of Chinchou. Once, because of cholera, the boats were forbidden to unload their goods. The threat of epidemic is now completely over, but for twenty days the civilians were panicked by the rising cost of staples. The price of wheat went from 22 Soviet Army dollars a catty to 50 dollars a catty. (China Hq. Note: This is probably the reason for the famine rumors, if they are not true.)

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3. The unusually rich harvest this year is the best in the past 20 years. The farmers, however, are still poor, because the crops had to be turned over to the government, which alone has the right of distribution.

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4. The Mayor and Deputy-Mayor of Dairen operate a civilian food-purchasing company. They persuaded the people to invest in it under the pretext that the company would buy cereals and thus remove the threat of a grain shortage in the city. These two men have thus cornered the cereal market. They have also cornered the fuel

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market. The Ta Hua Trading Company, also operated by CHEN Yun-tao, the Deputy-Mayor, has bought much Japanese property and then rented it to civilians. People believe that this corporation has the backing of the Communist Government.

For paragraphs 2, 3 and 4:

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